UNITED STATES DEPARTMENT OF AGRICULTURE
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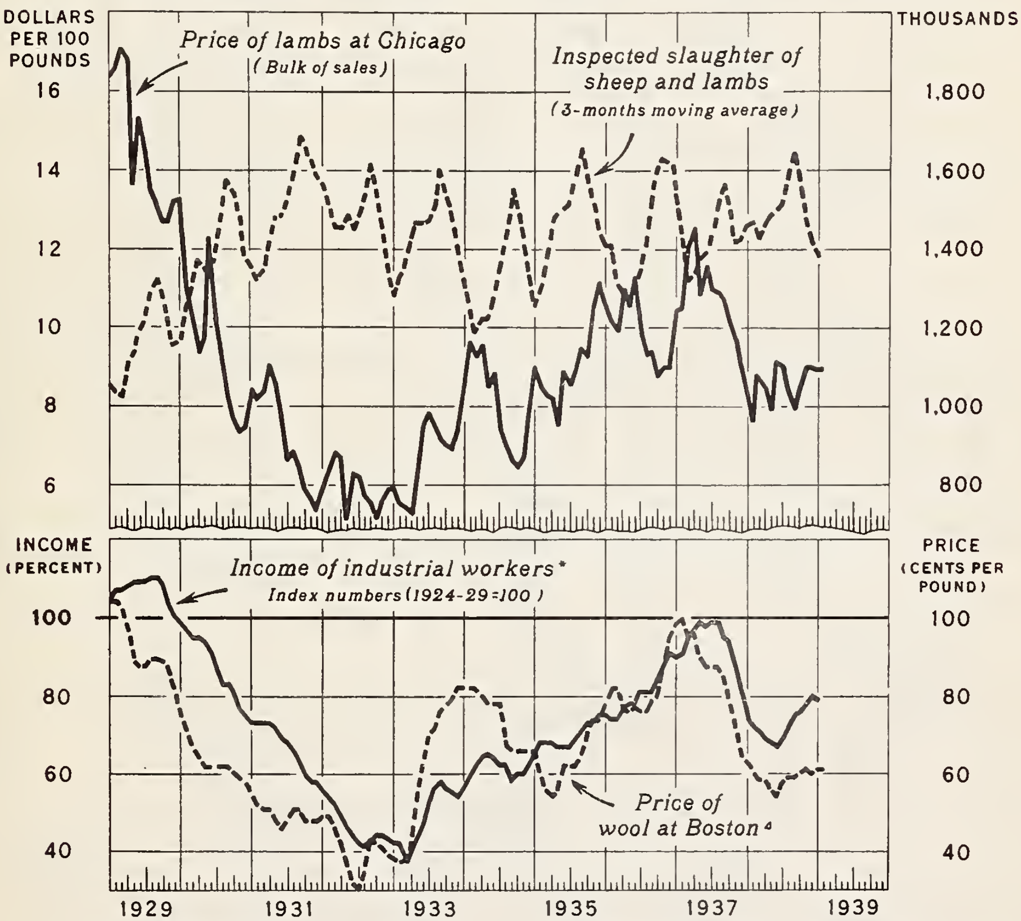
THE SHEEP AND LAMB SITUATION

PRICE OF LAMBS AT CHICAGO, FEDERALLY INSPECTED SLAUGHTER OF SHEEP AND LAMBS, AND INCOME OF INDUSTRIAL WORKERS, UNITED STATES, AND PRICE OF WOOL AT BOSTON, 1929-39



* ADJUSTED FOR SEASONAL VARIATION △ TERRITORY, SCOURED BASIS, GRADE 56'S

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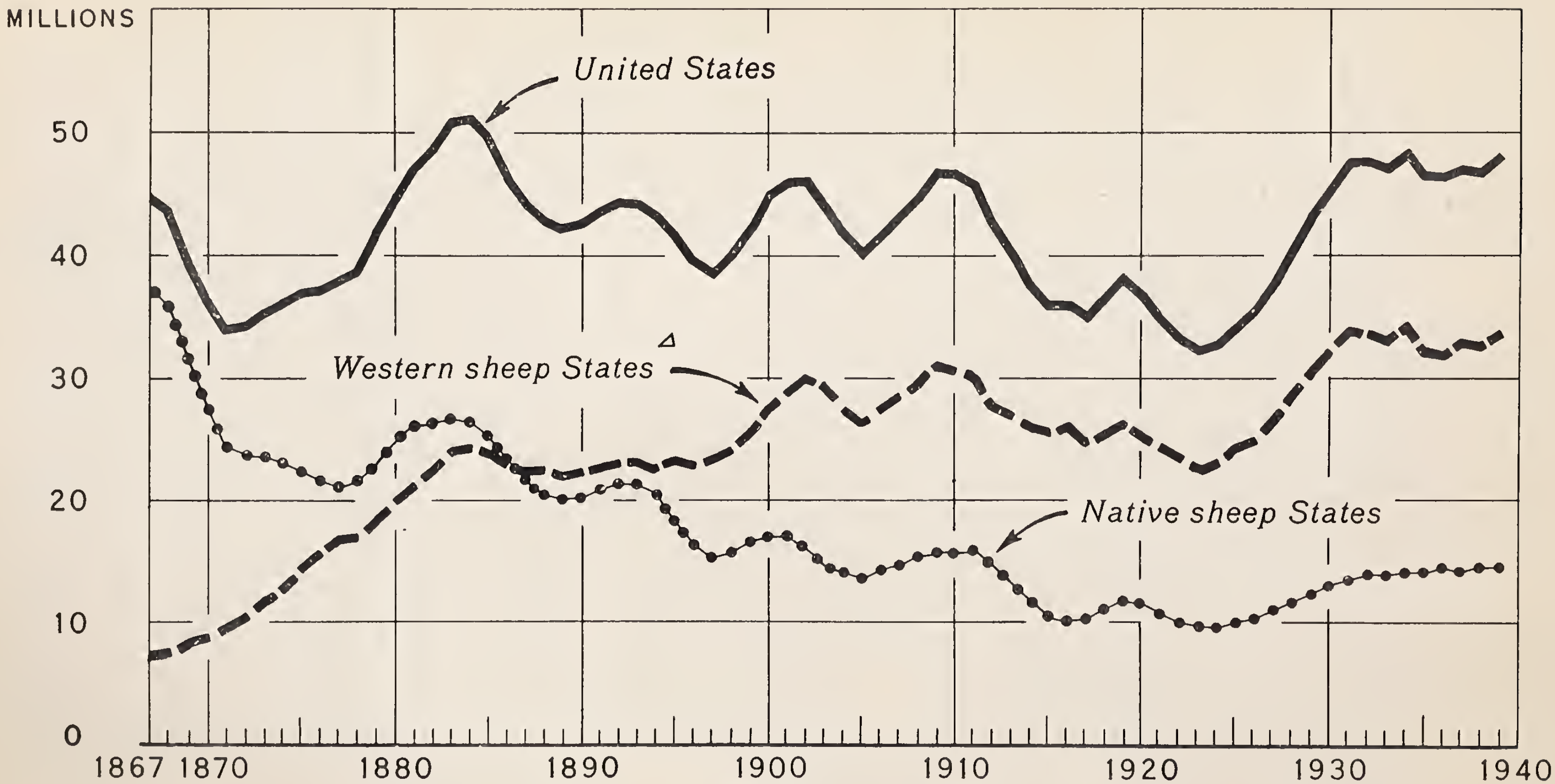
After declining sharply in the last half of 1937, prices of lambs recovered somewhat in early 1938. Prices have not changed much thus far in the current fed-lamb marketing season, which began in December 1938, but they have been higher than a year earlier. The higher prices this year than last are a reflection of smaller slaughter supplies, as well as the improvement in consumer demand, indicated by the increase in incomes of industrial workers. In early 1939 prices of wool, which also affect prices of live lambs, were about the same as a year earlier.

STOCK SHEEP AND LAMBS: NUMBER ON FARMS JANUARY 1, 1867-1939 *



* EXCLUDES SHEEP AND LAMBS ON FEED FOR MARKET
Δ INCLUDES 11 WESTERN STATES, TEXAS, AND SOUTH DAKOTA
DATA FOR 1939 ARE PRELIMINARY

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Figure 1.- The number of stock sheep on farms at the beginning of 1939 was about 3 percent larger than a year earlier, and it was largest since early 1934. Increases in numbers over a year earlier occurred in both the Native and Western States, with much the largest increase in the Western States. The number of stock sheep in the Native sheep States at the beginning of this year was the largest in more than 25 years, but the number in the Western sheep States was not so large as in either 1931 or 1932.

THE SHEEP AND LAMB SITUATION

Summary

Slaughter supplies of sheep and lambs from April through June will be considerably smaller than in the same period last year. The early spring lamb crop probably will be slightly smaller this year than last. But the number of early lambs available for slaughter before July 1 will be materially smaller than a year earlier, because of the poor condition of lambs in California and Texas. A large proportion of the early lambs in these two States will not reach slaughter weights and condition before July as a result of the unfavorable feed situation. It is also expected that marketings of grass fat yearlings from Texas will be much smaller this spring than last.

Conditions have been much more favorable in the other early lamb producing States than in California and Texas. In the Southeastern States, the proportion of ewes lambed up to March 1 was smaller than last year and hardly equal to average. Marketings of lambs from this area before July 1 probably will be about the same as a year earlier. In Idaho, Oregon and Washington weather has been favorable for shed lambing and feed has been abundant and cheap.

Marketings of lambs after July will depend largely upon the outcome of the late lamb crop. But it now appears probable that a much larger than usual proportion of early lambs will be marketed after July.

Prices of fed lambs weakened slightly in February but strengthened in early March. For the week ended March 11, the Chicago average price for good and choice slaughter lambs of $8.95 was slightly higher than a month earlier. Slaughter of sheep and lambs in February continued smaller than a year earlier. In early March the number of lambs remaining in feed lots in Colorado and Western Nebraska was somewhat smaller than a year earlier.

REVIEW OF RECENT DEVELOPMENTS

Background. The 1938 lamb crop was 5 percent larger than that of 1937 and was the largest on record. A large part of the increase in the lamb crop last year over that of 1937 was in early lambs. The increase in the number of lambs raised in 1938 was reflected in increased marketings of lambs in the grass lamb marketing season, from May through November 1938. Since November, however, marketings of lambs have been smaller than a year earlier, chiefly because of the retention of a larger number of ewe lambs for breeding and the decrease in the number of lambs fed. Prices of lambs weakened only slightly from May through August, with a moderate decline during September. In October and November some advance occurred and prices have been fairly steady since early December.

Little change in lamb prices in February and early March

Prices of fed lambs weakened slightly in February, but strengthened in early March. For the week ended March 11, the average price of good and choice slaughter lambs at Chicago was about $8.95, which was slightly higher than a month earlier. Throughout the current fed lamb marketing season which began last December, prices of lambs have fluctuated within a relatively narrow range, but the level of prices has been from 50 cents to $1.50 per hundred pounds higher than a year earlier.

Slaughter smaller than in February last year

Inspected slaughter of sheep and lambs, totaling 1,361,000 head, was about 60,000 head smaller than in February last year, when slaughter was relatively large. For the first 3 months of the present fed lamb marketing season, December through February, inspected slaughter of sheep and lambs was about 5 percent smaller than in the corresponding months of 1937-38.

In early March, the number of lambs remaining in feed lots in Colorado and Western Nebraska was smaller than a year earlier, but was considerably larger than 2 years ago. These two areas are the chief sources of marketings of fed lambs during March, April and May.

EARLY SPRING LAMB CROP OF 1939

The early spring lamb crop this year is expected to be slightly smaller than the large early crop of 1938, but the number of early lambs available for slaughter before July 1 this year will be materially smaller because of the poor condition of lambs in California and Texas. In these two States a large proportion of the early lambs will not reach slaughter weights and condition before July, because of the unfavorable feed situation. It is also expected that marketings of grass fat yearlings from Texas will be much smaller this spring than last.

In California, new green feed has been short because of lack of rainfall and cold dry winds. Weather conditions during the early lambing season in November and December were favorable, and the number of lambs dropped probably

was at least as large as a year earlier. The development of early lambs has been retarded by the shortage of green feed, and in early March the feed situation in the Sacramento and San Joaquin Valleys was becoming critical. Abundant rainfall in March and April may improve feed conditions, but unless the feed situation is materially improved, many of the early California lambs will be sold as feeders. Shipments of slaughter lambs to middle Western and Eastern markets are expected to be much smaller this year than last, but there may be a heavy movement of feeder lambs to midwest feed lots.

The number of early lambs in Arizona is about the same this year as last. Unusually cold weather in February has held back the growth of pastures and checked somewhat the development of lambs. With normal weather in March, lambs are expected to improve rapidly, since prospects for spring feed are favorable.

Lack of moisture during the fall and early winter, and cold weather in February in most of the important sheep areas of Texas delayed the growth of green feed in that State. Ewes and other sheep did not winter well, and there was a heavy loss of early lambs. Early lambs generally have developed poorly, and even under improved feed conditions, many will not develop into slaughter lambs. Because of the rather poor condition of yearlings and wethers in early March, the supply of grass fat yearlings for market from Texas, during April and May, is expected to be much smaller than last year. But if feed conditions become favorable, the movement of yearlings in June and July may be large.

Conditions have been much more favorable in the other early lamb producing States than in California and Texas. In the Southeastern States, winter weather was generally mild and feed supplies were abundant and low-priced. Ewes and lambs are in good condition and prospects for spring pastures are favorable. Marketings of lambs before July 1 from these States probably will be about the same as last year. In Missouri, the principal early lambing State of the Corn-Belt, ewes and early lambs are in good condition and the number of early lambs will be a little larger this year than last.

Feed and weather conditions in Idaho, Oregon and Washington have been rather favorable this year. The number of early lambs probably is not greatly different from that of last year and ewes and lambs are in good condition.

NUMBER OF SHEEP AND LAMBS ON FARMS JANUARY 1

The number of stock sheep on farms and ranches in the United States on January 1 this year was estimated to be 48,062,000 head, an increase of about 1.3 million head or 3 percent over the number on January 1 last year. The number of stock sheep and lambs on farms at the beginning of this year was the largest since January 1, 1934, and except for that date it was the largest in many years. The increase in stock sheep over a year earlier was about equally divided between ewe lambs being kept for breeding ewes and ewes 1 year old and over.

As indicated in the accompanying table, the number of stock sheep was larger this year than last in both the native and Western sheep areas, but most of the increase was in the Western area. In the Western sheep States, excluding Texas, the number on January 1, 1939, was about 600,000 head larger than a

year earlier with fairly large increases in Montana, Wyoming and the range area of South Dakota. The number in this area, totaling about 24 million head, is more than 3 million head smaller than the high level of 1931.

Number of stock sheep and lambs on farms in the United States and specified regions, January 1, 1923 and January 1, 1931-39

Year	Western Sheep States, excluding Texas	Texas	All Western	Native Sheep States	United States
	Thousands	Thousands	Thousands	Thousands	Thousands
1923	19,320	3,490	22,810	9,787	32,597
1931	27,252	6,749	34,001	13,719	47,720
1932	26,774	6,952	33,726	14,028	47,754
1933	25,878	7,444	33,322	14,002	47,324
1934	26,211	8,059	34,270	14,184	48,454
1935	25,265	7,092	32,357	14,277	46,634
1936	24,757	7,234	31,991	14,400	46,391
1937	24,100	8,750	32,850	14,102	46,952
1938	23,387	9,100	32,487	14,198	46,685
1939 1/	23,995	9,646	33,641	14,421	48,062

1/ Preliminary.

The upward trend in sheep number in Texas which began in 1920 continued during 1938. The number on farms in that State on January 1 totaled about 9.6 million head, which was 500,000 head larger than on January 1 last year.

The number of stock sheep on farms in the native sheep States at the beginning of 1939 was about 200,000 head larger than a year earlier, and was the largest in more than 25 years. But the total number on farms in this area on January 1, of about 14.4 million head, was only slightly larger than the number reported at the beginning of 1936.

OUTLOOK

Slaughter supplies of sheep and lambs during the period from April through June are expected to be materially smaller than a year earlier. This reduction will reflect partly the relatively small number of early lambs in California and Texas which will reach slaughter weights and condition before July 1. It will also reflect the decrease in marketings of grass fat yearlings from Texas in April and May compared with those of last year.

Marketings of sheep and lambs after July will depend to a considerable extent upon the outcome of the late lamb crop. But it is probable that a large number of early lambs that ordinarily would be marketed before July will be marketed after July this year. This will be true of many early California lambs that will be sold as feeders this spring. The movement of early lambs from Texas also will be later than usual, and it may be that marketings of grass fat yearlings from Texas in June and July will be relatively large.

In marked contrast to the sharp upward trend in sheep numbers from 1923 through 1931, numbers have not changed greatly since 1931. At the beginning of 1939 the number of stock sheep on farms and ranches was only slightly larger than in 1931 and only slightly smaller than the peak number reached in early 1934. Changes in numbers in the principal regions since 1931 have been more marked than changes in the total. From 1932 through 1938, the number of stock sheep in the Western States, excluding Texas, was reduced considerably. This reduction, however, was offset by a further marked increase in Texas. A further moderate increase in the native States has occurred since 1931.

There appears to be little reason to expect decreases in sheep numbers from present levels either in Texas or in the native sheep States, and it is quite possible that further increases will occur in these areas. If the increase in numbers in the Western States, excluding Texas, this year following 7 years of decreases, marks the end of the downward trend in that area, the trend in sheep numbers for the country as a whole may be moderately upward in the next few years.

THE WOOL SITUATION 1/

In the early months of the 1939 marketing season, which begins about April 1, stocks of wool in this country will be smaller than a year earlier, and a fairly strong domestic mill demand for wool is probable. Developments in foreign wool markets, however, will have an important effect on the domestic situation during the next several months. The spread between domestic and foreign prices is now relatively wide, and imports of wool have increased somewhat in the past 2 months.

Stocks of wool in the principal exporting countries are smaller than a year earlier, but in the chief foreign importing countries, except Japan, stocks are larger this year than last. Mill consumption in foreign countries was reduced in late 1937 and early 1938, but not so much as in the United States. On the other hand, the improvement in consumption in recent months has been relatively less in foreign countries than in the United States. Changes in mill demand for wool in foreign countries in the next few months are rather uncertain, but the recent moderate increase in business activity in Great Britain and the slight strength in the dollar value of the pound sterling are favorable factors in the situation.

Prices of wool in Boston were mostly unchanged during February but a slight weakness was reported in early March. The volume of wool sold on the Boston market was less in February than in January. In late February new clip wools were offered for delivery in May and June at about 1 cent per pound, grease basis, lower than the current spot prices of similar wools.

Mill consumption of wool in the United States in January was somewhat smaller than in December, but it was more than twice as large as in January last year. January was the seventh successive month in which mill consumption exceeded that of a year earlier.

1/ From March issue of the Demand and Price Situation. For more detailed discussion see the March issue of the Wool Situation, copies of which may be obtained upon request from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

Price per 100 pounds of sheep and lambs, by months, December-February, 1936-37 to 1938-39

Item	1936-37			1937-38			1938-39		
	Dec.	Jan.	Feb.	Dec.	Jan.	Feb.	Dec.	Jan.	Feb.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs, Chicago:									
Good and choice 1/	8.69	10.16	10.14	8.37	7.71	7.20	8.85	8.92	8.88
Medium and good 2/	7.89	9.27	9.31	7.45	6.93	6.60	7.75	7.74	7.91
Slaughter ewes, Chicago:									
Good and choice	4.10	5.24	5.52	3.85	3.94	3.89	4.06	4.27	4.64
Common and medium	2.78	3.85	4.26	2.97	3.08	2.94	2.91	2.97	3.40
Feeding lambs, Omaha:									
Good and choice	7.14	8.76	8.81	7.95	7.49	6.92	8.07	8.23	8.24
Average price paid by packers:									
Sheep and lambs	8.19	9.50	9.88	8.18	7.74	7.23	8.31	8.46	
Average price received by farmers:									
Sheep	3.85	4.24	4.45	3.86	3.67	3.61	3.69	3.83	4.02
Lambs	7.26	7.92	8.12	7.48	7.15	6.63	7.08	7.33	7.37
Lamb, New York:									
Wholesale carcass: 3/									
Choice	14.20	16.02	16.78	19.58	17.62	15.90	17.91	18.98	17.86
Good	13.27	15.05	15.98	18.55	16.62	14.98	17.19	18.18	17.10
Medium	12.20	14.12	15.12	17.19	15.35	13.91	15.10	16.72	15.65
Pulled wool, Boston: 4/									
Choice AA	107.6	118.6	120.0	79.9	77.8	71.4	79.2	79.0	79.0
Choice White B	95.1	104.2	103.5	61.5	60.5	56.2	62.0	65.0	65.0
Sheep pelts, packers shearlings, No. 1, Chicago, each 5/	1.32	1.46	1.50	0.68	0.72	0.72	0.72	0.75	0.75

1/ Lots averaging within top half of Good grade.
2/ Lots averaging within top half of Medium grade.
3/ For Choice and Good, 38 pounds down; for Medium, 38 pounds down in 1936 and 1937, and all weights in 1938 and 1939.
4/ Cents per pound.
5/ Bureau of Labor Statistics.

Supplies of sheep and lambs, specified periods

Item	Unit	Year: Average 1924-33	Year: 1937	Year: 1938	Month: Feb. average 1924-33	Month: Feb. 1938	Month: Jan. 1939	Month: Feb. 1939
Sheep and lambs:								
Number slaughtered under Federal inspection 1/	Thousands	14,737	17,270	18,060	1,086	1,424	1,456	1,361
Receipts at seven markets 2/	do.	3/15,241	11,470	11,783	3/1,130	823	4/794	4/755
		Year: Average 1924-33	**Year: 1937**	**Year: 1938**	**Month: Jan. average 1924-33**	**Month: Jan. 1938**	**Month: Dec. 1938**	**Month: Jan. 1939**
Slaughter under Federal inspection:								
Lambs and yearlings:								
Number slaughtered...	Thousands	13,678	15,912	16,884	1,134	1,437	1,265	1,374
Percentage of total sheep and lambs	Percent	92.8	92.1	93.5	93.0	92.6	93.9	94.4
Sheep:								
Number slaughtered...	Thousands	1,059	1,358	1,176	85	115	82	82
Percentage of total sheep and lambs	Percent	7.2	7.9	6.5	7.0	7.4	6.1	5.6
Sheep and lambs:								
Average live weight..	Pound	81	85	85	86	90	88	91
Average dressed weight	do.	39	40	40	40	42	41	42
Total dressed weight	Mil.lb.	569	683	720	49	65	55	61

1/ Bureau of Animal Industry.
2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City, and St. Paul.
3/ Average 1929-33.
4/ Receipts for sale only - excludes through shipments not offered for sale and directs.